

# MEDICAL DISPUTE RESOLUTION FINDINGS AND DECISION

## PART I: GENERAL INFORMATION

<b>Type of Requestor:</b> (x) HCP    ( ) IE    ( ) IC  Requestor's Name and Address Vista Medical Center Hospital 4301 Vista Rd. Pasadena, TX 77504	<b>Response Timely Filed?</b> (x) Yes    ( ) No  MDR Tracking No.: M4-04-5356-01 TWCC No.: Injured Employee's Name:  Date of Injury: Employer's Name: Smith Mobley Inc Insurance Carrier's No.: 3A076192
Respondent's Name and Address American Casualty Co. of PA/Rep. Box #: 47 C/o Stone Loughlin & Swanson, LLP P.O. 30111 Austin, TX 78755	

## PART II: SUMMARY OF DISPUTE AND FINDINGS

Dates of Service		CPT Code(s) or Description	Amount in Dispute	Amount Due
From	To			
2-5-03	2-10-03	Inpatient Hospitalization	\$89,995.00	\$41,746.00

## PART III: REQUESTOR'S POSITION SUMMARY

Position summary of February 12, 2004 states, "... In this instance, the audited charges that remain in dispute after the last bill review by the insurance carrier were \$152,335.73. The prior amounts paid by the carrier were \$24,256.80. Therefore, the carrier is required to reimburse the remainder of the Workers' Compensation Reimbursement Amount of \$89,995.00, plus interest..."

## PART IV: RESPONDENT'S POSITION SUMMARY

A position summary was not submitted. However, the Explanation of Review states, "(f) the charges for this hospitalization have been reduced based on the fee schedule allowance".

## PART V: MEDICAL DISPUTE RESOLUTION REVIEW SUMMARY, METHODOLOGY, AND/OR EXPLANATION

This dispute relates to inpatient services provided in hospital setting with reimbursement subject to the provisions of Rule 134.401 (Acute Care Inpatient Hospital Fee Guideline). The hospital has requested reimbursement according to the stop-loss method contained in that rule. Rule 134.401(c)(6) establishes that the stop-loss method is to be used for "unusually costly services." The explanation that follows this paragraph indicates that in order to determine if "unusually costly services" were provided, the admission must not only exceed \$40,000 in total audited charges, but also involve "unusually extensive services."

After reviewing the documentation provided by both parties, it **does** appear that this particular admission involved "unusually extensive services." In particular, this admission resulted in a hospital stay of 5 days. The operative report of 2-6-03 indicates the patient underwent "... 1. Bilateral laminectomy, L4-L5, L5-S1, S1-S2 with foraminotomies, L4, L5, S1 and S2 bilaterally. 2. Excision of spinous process, portions of L4, complete of L5 and portions of S1. 3. Excision of large disk herniation, L5-S1. 4. Exploration of fusion area with excision of fibrosis, S1-S2. 5. Sacroiliac graft. 6. Anterior interbody fusion, L5-S1 using 11x24 BAK cage. 7. Lateral transverse fusion, L5-S1, S1-S2. 8. Posterolateral facet fusion, L5-S1 and into S1-S2. 9. EBI bone stimulation off the lateral transverse fusion, L5-S2. 10. Bilateral lateral instrumentation, L5-S1 with bilateral 1/4" rods and single crosslink. 11. Fat graft, L4-S2. Accordingly, the stop-loss method does apply and the reimbursement is to be based on the stop-loss methodology.

In determining the total audited charges, it must be noted that the insurance carrier has indicated some question regarding the charges for the implantables. The requestor billed \$86,098.00 for the implantables. The carrier paid \$18,666.80 for the implantables. The key issue is what amount would represent the usual and customary charges for these implantables in determining the total audited charges. The requestor provided the Commission with documentation on the actual cost of implantables, \$10,883.00.

Based on a review of numerous medical disputes and our experience, the average markup for implantables in many hospitals is 200%. This amount multiplied by the average mark-up of 200% results in an audited charge for implantables equal to \$21,766.00.

The audited charges for this admission, excluding implantables, equals \$66,237.73. This amount plus the above calculated audited

charges for the implantables equals \$88,003.73, the total audited charges. This amount multiplied by the stop-loss reimbursement factor (75%) results in a workers' compensation reimbursement amount equal to \$41,746.00 (\$66,002.80-\$24,256.80 (amount paid by respondent)).

Based on the facts of this situation, the parties' positions, and the application of the provisions of Rule 134.401(c), we find that the health care provider is entitled to a reimbursement amount for these services equal to \$41,746.00.

#### PART VI: COMMISSION DECISION AND ORDER

Based upon the review of the disputed healthcare services, the Medical Review Division has determined that the requestor is entitled to additional reimbursement in the amount of \$41,746.00. The Division hereby **ORDERS** the insurance carrier to remit this amount plus all accrued interest due at the time of payment to the Requestor within 20-days of receipt of this Order.

Ordered by:

Allen McDonald

6-17-05

Authorized Signature

Typed Name

Date of Order

#### PART VII: YOUR RIGHT TO REQUEST A HEARING

Either party to this medical dispute may disagree with all or part of the Decision and has a right to request a hearing. A request for a hearing must be in writing and it must be received by the TWCC Chief Clerk of Proceedings/Appeals Clerk within 20 (twenty) days of your receipt of this decision (28 Texas Administrative Code § 148.3). This Decision was mailed to the health care provider and placed in the Austin Representatives box on \_\_\_\_\_. This Decision is deemed received by you five days after it was mailed and the first working day after the date the Decision was placed in the Austin Representative's box (28 Texas Administrative Code § 102.5(d)). A request for a hearing should be sent to: Chief Clerk of Proceedings/Appeals Clerk, P.O. Box 17787, Austin, Texas, 78744 or faxed to (512) 804-4011. A copy of this Decision should be attached to the request.

The party appealing the Division's Decision shall deliver a copy of their written request for a hearing to the opposing party involved in the dispute.

**Si prefiere hablar con una persona in español acerca de ésta correspondencia, favor de llamar a 512-804-4812.**

#### PART VIII: INSURANCE CARRIER DELIVERY CERTIFICATION

I hereby verify that I received a copy of this Decision in the Austin Representative's box.

Signature of Insurance Carrier: \_\_\_\_\_ Date: \_\_\_\_\_